



## **FY2011 PERFORMANCE PLAN**

### **Office of Risk Management**

#### **MISSION**

The mission of the Office of Risk Management (ORM) is to reduce the probability, occurrence and cost of risk to the District of Columbia government through the provision of risk identification and insurance analysis and support to District agencies, and by efficiently and fairly administering the District's public workers compensation and tort liability programs.

#### **SUMMARY OF SERVICES**

ORM's Risk Identification, Analysis and Control Division conducts risk management assessments of District agencies' facilities and operations by identifying gaps in risk management practices and conducting building inspections, making related recommendations and overseeing their implementation, providing risk management training to District employees, and overseeing the formulation of agency emergency response plans. The Public Sector Workers' Compensation Program receives workers' compensation claims from injured District government employees, adjusts and manages those claims through its Third Party Administrator, and provides compensation and services to claimants, including medical and return-to-work services. The Tort Liability Program receives and investigates claims against the District government with the goal of negotiating and preparing claims for fair and timely settlement. The Insurance Program oversees the District's Medical Liability Captive Insurance Agency, which provides medical malpractice insurance to non-profit community health centers, and also provides advice to District agencies on risk and insurance policies and practices.

#### **AGENCY WORKLOAD MEASURES**

| <b>Measure</b>   | <b>FY2008<br/>Actual</b> | <b>FY2009<br/>Actual</b> | <b>FY2010<br/>YTD</b> |
|--|--------------------------|--------------------------|-----------------------|
| Number of OSHA complaints received by ORM from District agencies     | Not Available            | Not Available            | Not Available         |
| Number of workers' compensation claims filed with ORM                | 1343                     | 1386                     | 1391                  |
| Number of torts claims filed with ORM                                | 1857                     | 1990                     | 1280                  |
| Number of insurance claims filed against Captive members             | 0                        | 0                        | 0                     |
| Number of insurance inquiries received by ORM from District agencies | Not Available            | Not Available            | Not Available         |



**OBJECTIVE 1: Reduce the level and cost of risk to the District government by increasing occupational safety.**

**INITIATIVE 1.1: Increase public occupational safety and health awareness District-wide by training 10% of District government employees in basic OSHA skills.**

The Office of Risk Management delivers Occupational Safety and Health Awareness (OSHA) training to District employees. Since FY 2009, ORM has successfully trained 9,347 employees, approximately 25% of the workforce. ORM's goal in FY 11 is to ensure that an additional 10% of District employees receive basic training. This goal will be achieved through ORM instructor led-training and the cooperation of agencies participating in a "Train the Trainer" program (Department of Corrections, Department of Public Works, Department of Real Estate Services, Department of Mental Health and Department of Youth Rehabilitation Services). In addition, the Department of Human Resources will continue to deliver a web-based series of OSHA training.

**INITIATIVE 1.2: Increase building safety by implementing Phase II of the Remedy system.**

ORM, in cooperation with the Department of Real Estate Services (DRES), uses the Remedy database to track safety and health inspections of District Government buildings. The database allows real-time tracking of each inspection, including details on violation location, severity, category, and status. In FY11, ORM will partner with the Office of the Chief Technology Officer (OCTO) to develop and implement Phase II of the Remedy database. Phase II will allow ORM and DRES to notify building managers automatically when a violation is entered, create an instant work order based on the violation, monitor re-inspection time periods and related abatements, track the escalation of reports of violations not abated, and allow for inspection management by mobile device. The Remedy database will improve the safety and health environment for District employees by ensuring that ORM inspection and abatement recommendations are implemented.

**INITIATIVE 1.3: Reduce District government agency risk exposure by providing agencies with quarterly risk analyses.**

In FY 2011, ORM will conduct a trend analysis of the top ten causes of all claims and incidents in each District government agency from 2008 to the present. This information will be used to create agency-specific risk analyses to be distributed by ORM to each agency on a quarterly basis. ORM will also recommend preventative measures to reduce the incidence and cost of injuries and other risks.

**INITIATIVE 1.4: Assist 100% of District government agencies with creating emergency response plans (ERPs).**



ORM is charged with ensuring that every District of Columbia agency has an Emergency Response Plan (ERP). Currently, approximately 50% of agencies have submitted an ERP to ORM. In FY 11, ORM will assist the remaining 50% of agencies with the creation of Emergency Response Plans. The goal is to have all agencies submit an ERP for approval by ORM by September 30, 2011.

## **OBJECTIVE 2: Reduce Public Sector Workers' Compensation Program costs.**

**INITIATIVE 2.1: Reduce the average number of days on workers compensation.** The average number of days a District civilian employee spends on workers' compensation is 158.85 days. According to the National Council on Compensation Insurance, Inc. (NCCI), the national average duration of Temporary Total Disability payments is estimated to be 125 days. In FY 2011, ORM will reduce the average number of days by improving case management, providing training to adjusters, enhancing its return-to-work (RTW) program, and implementing 2010 amendments to the District's workers' compensation law.

### **INITIATIVE 2.2: Increase participation in the return-to-work (RTW) program.**

ORM has a return-to-work (RTW) program that, on a temporary basis, places injured workers in alternative work assignments that do not require the level of physical activity of their regular jobs. In FY 2010, approximately 54 employees used this program. In FY 11, ORM will increase participation in the RTW program by at least 50% by revising aspects of the program, educating District government agencies on its availability, soliciting more participation from agencies, and increasing the number of positions in the RTW job bank. Use of the program should also contribute to a reduction in the average number of days that employees spend on workers compensation.

### **INITIATIVE 2.3: Enhance anti-fraud efforts.**

While the vast majority of employees on workers' compensation were injured on the job and seek to return to work as soon as they can, a small number of persons abuse the program by committing fraudulent acts. Precious taxpayer dollars are wasted as a result. In FY 11, ORM will increase its efforts against fraud by improving its investigation of claims on the front-end (by collecting more detailed information, interviewing more witnesses, etc), enhancing its oversight of medical providers and conducting public outreach and awareness on the cost of workers' compensation fraud.

## **OBJECTIVE 3: Reduce the number of lawsuits against the District government.**

**Initiative 3.1: Increase the percentage of tort claims received by ORM that are settled.**



Annually, ORM's Tort Liability Program receives approximately 2,200 claims and generally settles approximately 90% of those, with 10% proceeding to litigation. According to the ICMA Center for Performance Measurement, the mean percentage of commercial general/public entity liability claims that proceed to litigation, for jurisdictions above 100,000 in population, is 5.9%. In FY 2011, ORM will settle a higher number of claims through improved claims management, more training of claims specialists, and the use of routine roundtable discussions with the Office of Attorney General and other experts.

**OBJECTIVE 4: Recover money owed to the District as a result of tortious acts by third parties.**

**INITIATIVE 4.1: Launch city-wide subrogation initiative.**

Through its Tort Liability and Public Sector Workers' Compensation Programs, ORM has the authority to collect money owed to the District as a result of a third party's negligence. In FY 2010, ORM collected approximately \$200,000 in subrogation claims. In FY 2011, ORM will launch a city-wide subrogation initiative with the goal of increasing subrogation revenue to the District. Through this initiative, ORM will educate District government agencies on how to pursue subrogation claims and partner with those agencies on such efforts.

**OBJECTIVE 5: Reduce the District's exposure through the effective use of insurance.**

**INITIATIVE 5.1: Review District government contracts and solicitations to ensure that they include adequate insurance.**

In FY10, ORM developed a process in cooperation with the Office of Contracting and Procurement to require the inclusion of minimum insurance requirements in procurement solicitations and contracts. ORM assisted with the development of the requirements and also reviews contracts and the Certificates of Insurance provided by vendors, to ensure that they contain the pre-approved insurance clauses and minimum coverage limits. In FY11, ORM will continue to minimize the District's exposure to risk by reviewing contracts and, as necessary, developing new, expanded or modified government policies on insurance.

**INITIATIVE 5.2: Provide insurance and risk management advice to District government agencies.**

In FY10, ORM assisted District government agencies with addressing unique and special risk management problems. In FY11, ORM will educate a broader range of agencies about its insurance resources and provide them with strategic insurance and risk advice, including on large purchases or the acquisition or construction of new infrastructure.



## PROPOSED KEY PERFORMANCE INDICATORS

| Measure   | F 2009<br>Actual | FY2010<br>Target  | FY2010<br>YTD    | FY2011<br>Projection | FY2012<br>Projection | FY2013<br>Projection |
|---|------------------|-------------------|------------------|----------------------|----------------------|----------------------|
| Percentage of District Government vendors in compliance with ORM minimum insurance requirements                                 | Not Available    | Not Available     | TBD              | 100%                 | 100%                 | 100%                 |
| Number of environmental and safety inspections/re-inspections at District Government buildings                                  | 336<br>94<br>430 | 400<br>155<br>555 | 479<br>55<br>534 | 5% increase          | 5% increase          | 5% increase          |
| Reduce the number of "How am I Driving?" 311 complaint calls (percent decrease and # of complaints)                             | -40% (1174)      | -50% (614)        | -20% (875)       | -15% (744)           | -15% (632)           | -15% (537)           |
| Total Cost of Public Sector Workers' Compensation Program (these amounts include settlements and adverse awards against PSWCP). | \$22,824,092     | \$21,323,330      | TBD              | TBD                  | TBD                  | TBD                  |
| Total amount of lost time (days) in Public Sector Workers' Compensation Program <sup>1</sup>                                    | 368,286          | 282,844           | TBD              | TBD                  | TBD                  | TBD <sup>9</sup>     |
| Average cost per injury per claim   | \$10,199         | \$9,791           | TBD              | TBD                  | TBD                  | TBD                  |

<sup>1</sup> This is an industry standard measure. According to NCCI, the national average total amount of lost time days is 120 months or approximately 3,660 days. The District's historic average has been significantly higher because it has never had a cap on the amount of time an employee can be on workers' compensation, unlike most jurisdictions and a significant number of claimants have been on workers compensation for long periods of time. Recently passed legislation creates a prospective cap of 10 years. Going forward, DCORM will measure the average lost time using new claims so that it can be more fairly compared to other jurisdictions. Its goals in the out-years will then be set based on its FY 11 performance.



| <b>Measure</b>   | <b>F 2009<br/>Actual</b> | <b>FY2010<br/>Target</b> | <b>FY2010<br/>YTD</b> | <b>FY2011<br/>Projection</b> | <b>FY2012<br/>Projection</b> | <b>FY2013<br/>Projection</b> |
|--|--------------------------|--------------------------|-----------------------|------------------------------|------------------------------|------------------------------|
| Percentage/# of agencies participating in the return-to-work and/or District wide Intranet alternative work job depository | 45%<br>21                | 75%<br>35                | TBD                   | 100%<br>47                   | 100%<br>47                   | 100%                         |
| Total cost savings for the return-to-work program  | \$6,381                  | \$7,086                  | TBD                   | TBD                          | TBD                          | TBD                          |
| Tort claims received to closed ratio.  | Not<br>Available         | Not<br>Available         | 86%                   | 90%                          | 95%                          | 95%                          |